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UNITED STATES DEPARTMENT OF AGRICULTURE
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X FARM DEBTS CONTINUE TO RISE X

Prepared in the Production Economics Research Branch

Both farm-mortgage debt and non-real-estate debt of farmers rose again in 1955 (tables 1 and 3). On January 1, 1956, the farm-mortgage debt amounted to nearly \$9.0 billion and the non-real-estate debt of farmers, excluding price-support loans, to about \$7.9 billion. Increases during 1955 were about 10 percent for farm-mortgage debt and 8 percent for non-real-estate debt. Price-support loans, which are not shown in the tables, decreased about 16 percent during 1955.

During 1955, all types of farm-mortgage lenders increased their holdings. Percentage increases in their holdings ranged from about 17 percent for Federal land banks to less than 3 percent for the Farmers Home Administration. Among the sources of non-real-estate credit for production purposes, banks and production credit associations increased their outstanding loans to farmers by nearly 13 and 12 percent, respectively, during 1955, but outstanding loans made by the Farmers Home Administration for these purposes decreased by about 6 percent.

For farm-mortgage debt, 1955 was the 10th consecutive year of increase. The non-real-estate debt of farmers increased in all years following 1944, except in 1953, when it declined substantially. The total farm debt excluding price-support loans, was more than twice as large (220 percent) on January 1, 1956, as 10 years earlier. However, while these debts rose by about \$9 billion in that 10-year period, the value of farm assets rose by about \$60 billion. The increase in farm debt since the end of World War II has resulted mainly from increases in costs of farm production, from advances in the mechanization and improvement of farms, and from transfers of farms or parts of farms at ever higher prices.

During the earlier part of this period, farm income rose and the parity situation of agriculture was favorable. Much of the increased debt at this time was incurred by young farmers to get established in farming and by older farmers to improve their homes and service buildings, to ease their work, and to add to their land holdings to obtain more efficient operating units.

Since 1951, the gradually developing cost-price squeeze has brought substantial changes in the financial circumstances of farmers and in their reasons for borrowing. Many farmers who earlier had financed their operations from income now find it necessary to borrow, and others require more credit than formerly. Although farmers still borrow large amounts to mechanize and enlarge their operations, the purpose now is primarily to maintain income by obtaining farms of more adequate size and by reducing costs per unit of production.

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FARM DEBT

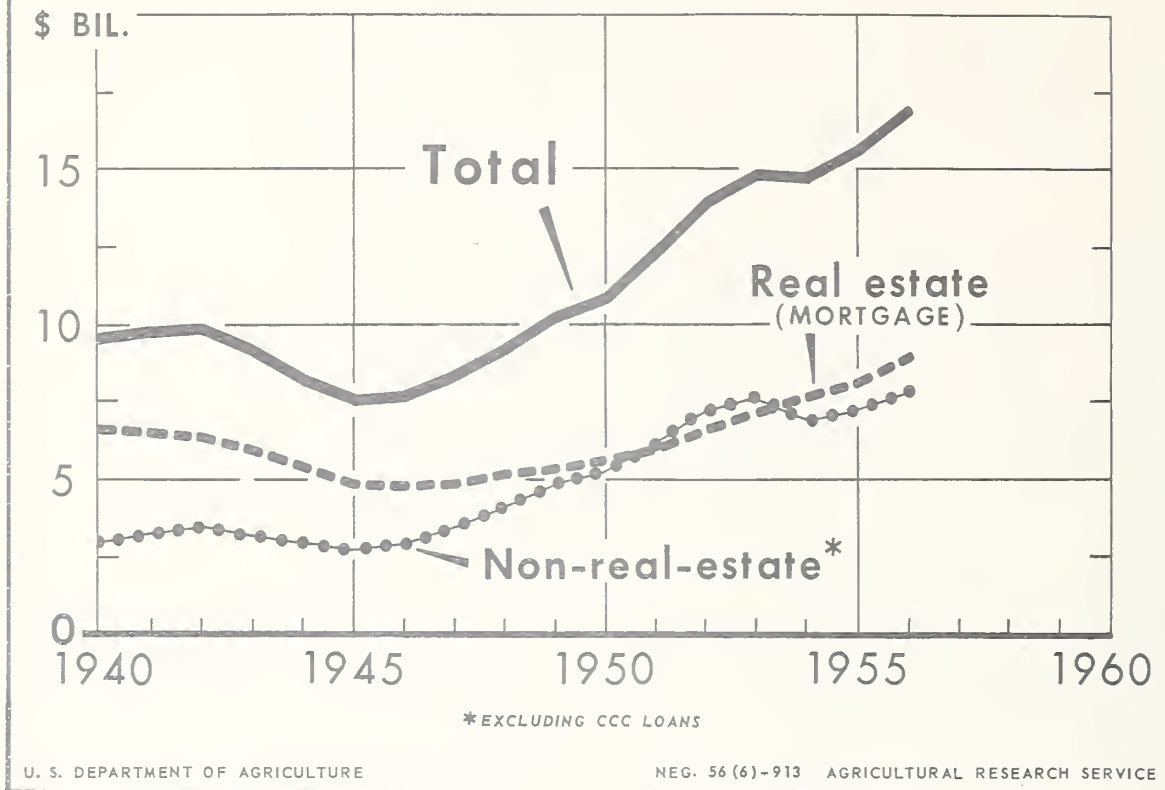


Figure 1

Table 1.- Farm-mortgage debt: Total outstanding and loans held by principal lenders, United States, 1940-56 ^{1/}

Beginning of year	Total farm-mortgage debt	Loans held by principal lenders							
		Federal land banks ^{2/}	Federal Farm Mortgage Corporation ^{2/ 3/}	Joint-stock land banks ^{2/ 4/}	Farmers Home Administration ^{5/}	Life insurance companies ^{6/}	Commercial and savings banks ^{7/}	Three State credit agencies ^{8/ 8/}	Individuals and others
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1940-----	6,586,399	2,009,820	713,290	91,726	31,927	984,290	534,170	30,294	2,190,882
1941-----	6,493,527	1,957,184	685,149	73,455	65,294	1,016,479	543,408	29,317	2,123,241
1942-----	6,376,080	1,880,784	634,885	55,919	114,533	1,063,166	535,212	30,406	2,061,175
1943-----	5,956,458	1,718,240	543,895	37,015	157,463	1,042,939	476,676	28,794	1,951,436
1944-----	5,395,671	1,452,886	429,751	10,097	171,763	966,661	448,433	24,082	1,871,998
1945-----	4,940,915	1,209,676	347,307	5,455	193,377	938,275	449,582	19,872	1,777,371
1946-----	4,760,464	1,078,952	239,365	3,208	181,861	891,263	507,298	9/	1,858,517
1947-----	4,896,970	976,748	146,621	1,641	189,300	888,665	683,229	9/	2,010,766
1948-----	5,064,245	888,933	107,066	645	195,069	959,715	840,647	9/	2,072,170
1949-----	5,288,331	868,156	77,920	462	188,893	1,036,383	900,843	9/	2,215,674
1950-----	5,579,278	906,077	58,650	0	188,855	1,172,326	937,144	9/	2,315,956
1951-----	6,071,345	947,431	44,008	0	214,047	1,355,766	1,008,359	9/	2,501,734
1952-----	6,588,270	994,128	32,778	0	233,374	1,581,041	1,046,923	9/	2,740,026
1953-----	7,154,038	1,074,358	37,899	0	257,936	1,715,164	1,105,096	9/	2,980,585
1954-----	7,656,186	1,169,418	17,628	0	288,060	1,892,643	1,131,214	9/	3,177,223
1955-----	8,175,724	1,266,953	12,834	0	271,220	2,051,445	1,210,676	9/	3,362,596
1956-----	10/ 8,960,020	1,480,204	0	0	277,869	10/ 2,269,565	11/ 1,346,287	9/ 10/	3,586,095

^{1/} Excludes Territories and possessions unless otherwise noted.

^{2/} Includes regular mortgages, purchase-money mortgages, and sales contracts. Federal land bank and Federal Farm Mortgage Corporation mortgages in process of foreclosure were estimated for 1951 and 1952.

^{3/} Loans held by Corporation were made on its behalf by Land Bank Commissioner. Authority to make new loans, except incidental to liquidation, expired July 1, 1947. On June 30, 1955, loans of the Federal Farm Mortgage Corporation were sold to the 12 Federal land banks.

^{4/} Joint-stock land banks have been in liquidation since May 12, 1933. Includes banks in receivership.

^{5/} Data for 1940-41 include only tenant-purchase loans. Thereafter, data include in addition to tenant-purchase loans, farm-development (special real estate) loans beginning 1942; farm-enlargement loans beginning 1944; project-liquidation loans beginning in 1945; farm-housing loans beginning July 1950; building-improvement loans beginning 1955; and beginning January 1, 1956, includes principal outstanding on direct soil and water loans to individuals. Data also include loans for these purposes from State Corporation trust funds.

^{6/} Estimates based upon direct reports from life insurance companies, official reports submitted to State insurance commissioners, "Best's Life Insurance Reports," and data from Life Insurance Association of America and Institute of Life Insurance. Includes legal reserve companies only. Includes regular mortgages, purchase-money mortgages, and unpaid principal sales contracts.

^{7/} 1940-47 includes insured commercial banks and 1948 to date, all operating commercial and savings banks.

^{8/} Department of Rural Credit of Minnesota, Bank of North Dakota, and Rural Credit Board of South Dakota. Rural Credit Board completed liquidation during 1945.

^{9/} Included with "Individuals and others" except beginning January 1, 1948, farm-mortgage loans held by the Bank of North Dakota are included with all operating banks.

^{10/} Preliminary.

^{11/} Includes soil and water conservation loans insured by the Farmers Home Administration.

Table 2.- Farm-mortgage debt: Total outstanding and amounts held by principal lender groups, by geographic divisions, January 1, 1956

Geographic division	Total 1/ dollars	Amounts held by principal lender groups						All operating banks 5/ dollars
		Federal land banks 2/ dollars	Farmers Home Administra- tion 3/ dollars	Life insurance companies 1/ 2/ dollars	Others 1/ 4/ dollars	1,000 dollars		
							1,000 dollars	
Northeast-----	842,823	103,994	13,725	50,620	674,484	218,893		
Corn Belt-----	1,907,031	301,639	32,248	691,933	881,211	333,064		
Lake States-----	963,653	179,882	17,346	146,570	619,855	181,487		
Appalachian-----	653,004	79,122	32,330	113,966	427,586	187,818		
Southeast-----	538,080	93,950	39,448	96,410	308,272	84,396		
Delta States-----	424,876	66,461	39,323	134,340	184,752	62,147		
Southern Plains---	913,117	195,545	31,938	368,870	316,764	56,626		
Northern Plains---	681,554	196,167	22,487	236,297	226,603	49,904		
Mountain-----	796,339	127,791	31,844	247,588	389,116	33,119		
Pacific-----	1,239,543	135,653	17,180	182,971	903,739	138,833		
United States---	8,960,020	1,480,204	277,869	2,269,565	4,932,382	1,346,287		

^{1/} Preliminary.

^{2/} Includes regular mortgages, purchase-money mortgages, and sales contracts. On June 30, 1955, loans of the Federal Farm Mortgage Corporation were sold to the 12 Federal land banks. Life Insurance companies include legal reserve companies only.

^{3/} Includes tenant-purchase, farm-enlargement, farm-development, project-liquidation, and farm-housing loans, beginning January 1, 1956, includes principal outstanding on direct soil and water loans to individuals, and loans for these purposes from State Corporation trust funds.

^{4/} Estimated total loans held by all operating banks, individuals, and miscellaneous lenders.

^{5/} Includes national and State commercial, mutual and stock savings, and private banks.

Table 3.- Non-real-estate debt of farmers: Total outstanding and amounts owed to principal lenders, United States, 1940-56 ^{1/}

Beginning of year	Total non-real-estate debt	Loans held by reporting lenders					Total	Loans and accounts held by others ^{4/}	
		All operating banks	Production credit associations	Federal intermediate credit banks ^{2/}	Farmers Home Administration ^{3/}	1,000 dol.		1,000 dol.	Bil. dol.
	Bil. dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	Bil. dol.
1940-----	3.0	900,079	153,425	32,316	418,252	1,504,072	1.5		
1941-----	3.3	983,774	170,686	32,371	460,646	1,647,477	1.7		
1942-----	3.5	1,073,198	185,611	37,382	486,798	1,782,989	1.7		
1943-----	3.2	924,236	182,658	37,854	527,392	1,672,140	1.5		
1944-----	2.9	935,764	196,637	33,882	521,730	1,688,013	1.2		
1945-----	2.7	948,829	188,306	29,792	454,736	1,621,663	1.1		
1946-----	2.9	1,033,800	194,788	26,487	415,464	1,670,539	1.2		
1947-----	3.5	1,289,105	230,025	31,701	402,809	1,953,640	1.5		
1948-----	4.1	1,592,762	289,077	37,916	373,426	2,293,181	1.8		
1949-----	4.9	1,945,598	366,822	55,750	345,633	2,713,803	2.2		
1950-----	5.2	2,048,819	387,454	50,825	351,117	2,838,215	2.4		
1951-----	6.2	2,524,153	450,673	62,073	335,412	3,372,311	2.8		
1952-----	7.3	3,120,196	561,371	77,841	311,490	4,070,898	3.2		
1953-----	7.6	3,195,058	599,295	82,931	348,033	4,225,317	3.4		
1954-----	7.0	2,762,562	541,786	63,557	389,676	3,757,581	3.2		
1955-----	7.3	2,933,851	576,997	58,276	433,145	4,002,269	3.3		
1956-----	7.9	3,308,443	644,449	61,907	405,684	4,420,483	3.5		
1/ Excludes price-support and storage loans to farmers that were made or guaranteed by Commodity									

^{1/} Excludes price-support and storage loans to farmers that were made or guaranteed by Commodity Credit Corporation.

^{2/} Loans discounted by Federal intermediate credit banks for livestock loan companies, agricultural credit corporations, and other agencies.

^{3/} Includes loans made by the regional agricultural credit corporations and by the emergency crop and feed loan offices. These loans are being liquidated by the Farmers Home Administration. Also includes soil and water conservation loans prior to January 1, 1956.

^{4/} Estimate, based on fragmentary data, of amount owed to merchants, dealers, finance companies, individuals, and others.

Table 4.- Non-real-estate loans to farmers held by reporting agencies, by regions, January 1, 1956 ^{1/}

Regions	Total	All operating banks	Production credit associations	Federal intermediate credit banks ^{2/}	Inter-Farmers Home Administration ^{3/}
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Northeast-----	343,611	236,684	71,494	1,627	33,806
Corn Belt-----	1,061,201	866,321	146,189	5,591	43,100
Lake States-----	403,015	324,330	43,297	5,092	30,296
Appalachian-----	266,212	189,538	48,805	158	27,718
Southeast-----	173,374	98,844	44,112	1,309	29,109
Delta States-----	151,340	84,894	28,656	4,418	33,372
Southern Plains-----	517,850	337,245	76,481	19,483	84,641
Northern Plains-----	569,759	471,939	48,422	2,770	46,628
Mountain-----	497,939	342,213	84,398	14,181	57,147
Pacific-----	436,182	356,435	52,595	7,278	19,874
United States-----	4,420,483	3,308,443	644,449	61,907	405,684

^{1/} Excludes loans made or guaranteed by the Commodity Credit Corporation.

^{2/} Loans discounted by Federal intermediate credit banks for livestock loan companies, agricultural credit corporations, and other agencies.

^{3/} Includes loans made by the regional agricultural credit corporations and the emergency crop and feed loan offices. These loans are being liquidated by the Farmers Home Administration.

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